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Colombia

Market Development Reports

The Antioqueño Industrial Conglomerate 2001

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Report Highlights:

Background on the Antioqueño Business Group, the most important food importer and processor in Colombia.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1], CO

THE ANTIOQUEÑO BUSINESS GROUP

The Antioqueño Business Group was formed in the late 1970's to protect against corporate raiders in Colombia, such as Ardila Lulle and Julio Santo Domingo. At that time, these two main industrial conglomerates in Colombia took advantage of under-priced stocks to take over several large Medellin-based companies, including Coltejer, Colombia's largest textile manufacturer, and Cervecerias Union, a beer producer. The defenses they adopted to protect themselves from outside industrialists have also served to shield them from narcotics money trying to enter the legitimate economy.

The traditional leading members of the Antioqueño Group are the food processor Compañía Nacional de Chocolates, the insurance company SurAmericana de Seguros, and the cement producer Argos. Recently, however, the growth and profitability of the retail chains Cadenalco and Exito have moved them into this leadership group. The Antioqueño Group is comprised of more than a hundred companies spread across the Colombian economy, including financial services, food processing, cement and construction, retail, textile manufacturing, and other service sectors. Although many of the firms are publicly traded, they support each other by reinvesting a significant part of their profits locally. They manage to limit outside investment by buying up new shares among themselves, when they need to raise capital.

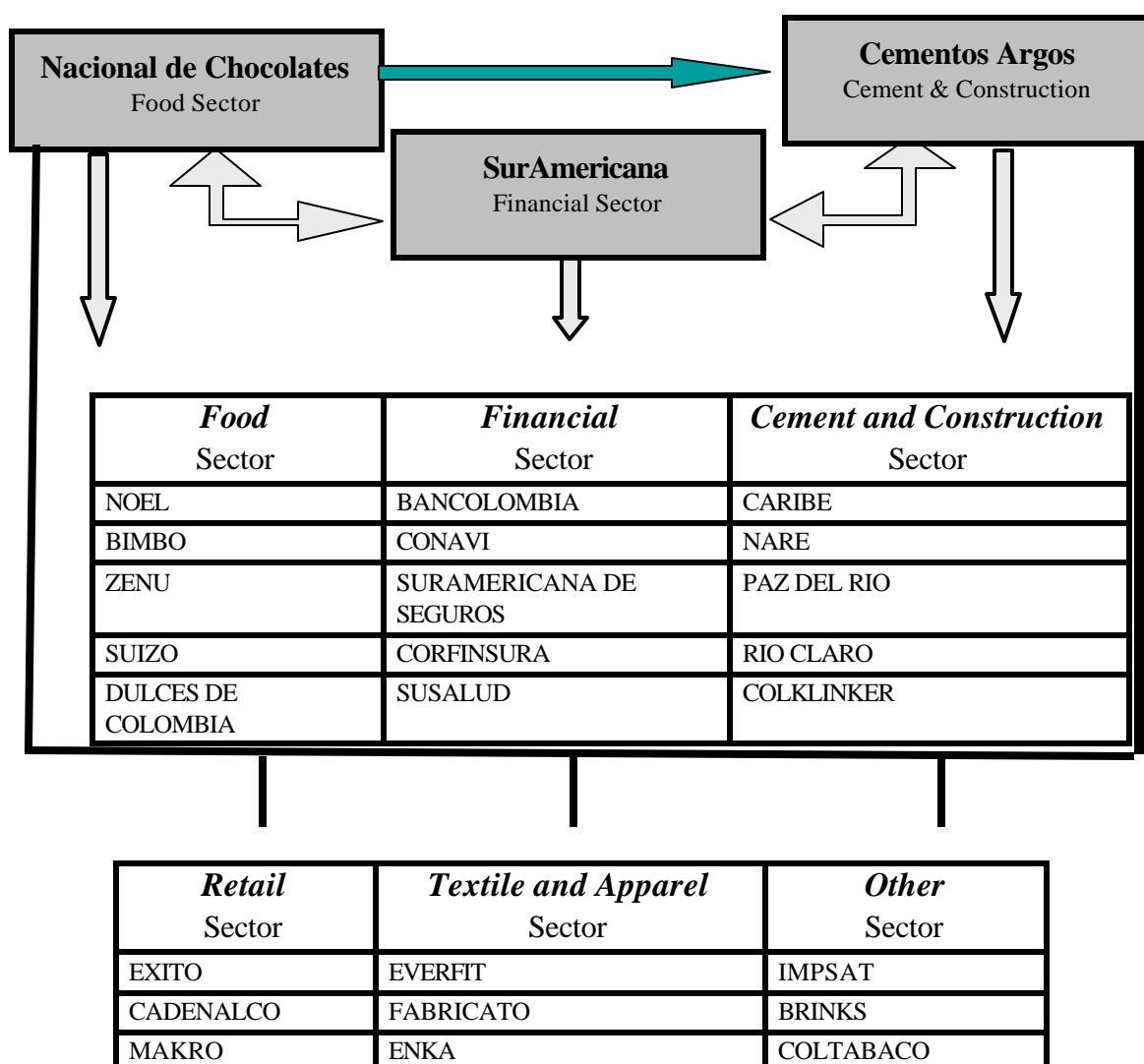
Currently, the group is in the process of reorganizing and refocusing on its core businesses. They are placing food processing companies and retail chains under the direction of Compañía Nacional de Chocolates. Cement and construction companies will be grouped under Cementos Argos. And, finally, all financial sector companies will be under the direction of SurAmericana. They are planning to sell some of their companies and stop new investments that do not fall into these three categories.

On the retail side, they are focusing on becoming a major player in Northern South America. About three years ago, they purchased CATIVEN, a retail chain in Venezuela, to strengthen their position against new international competitors that have entered the market, such as Carrefour from France. The group has also developed strong business partnerships with international companies; for example, the alliance of Noel food industries with Bimbo and Danone and the alliance of Exito with Casino from France.

This group has considerable political influence in Colombia. Numerous top executives have been appointed to ministerial positions in the past.

THE ANTIOQUEÑO INDUSTRIAL CONGLOMERATE

Structure of Stockholding



Note:

Arrows and tick lines represent stockholding by main companies.

The above chart includes some representative companies from each sector, many of them are not included.